

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3200-01  
BILL NO.: HB 1256  
SUBJECT: Health Care; Insurance - Medical  
TYPE: Original  
DATE: February 24, 2000

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**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON STATE FUNDS</b>                           |                  |                  |                  |
|--|------------------|------------------|------------------|
| <b>FUND AFFECTED</b>   | <b>FY 2001</b>   | <b>FY 2002</b>   | <b>FY 2003</b>   |
| General Revenue  | (Unknown)        | (Unknown)        | (Unknown)        |
|  |                  |                  |                  |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>State Funds*</b> | <b>(UNKNOWN)</b> | <b>(UNKNOWN)</b> | <b>(UNKNOWN)</b> |

**\*Expected to be less than \$100,000.**

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                           |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>   | <b>FY 2001</b> | <b>FY 2002</b> | <b>FY 2003</b> |
| Federal  | \$0            | \$0            | \$0            |
|  |                |                |                |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>Federal Funds*</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

**\*Revenues and expenditures of less than \$100,000 are expected and net to \$0.**

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2001</b> | <b>FY 2002</b> | <b>FY 2003</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Health**, the **Department of Insurance**, and the **Department of Conservation** assume this proposal would not fiscally impact their agencies.

**Department of Transportation (DHT)** officials state that section 376.385.8. would require a panel of endocrinologists to which an enrollee may appeal. The DHT Medical Plan does not have a panel of endocrinologists. DHT states that the American Diabetes Association said there are very few of these providers in the state and the appeals would most likely be by mail with an average of only 1 to 2 appeals per year. DHT currently cannot estimate the cost of this requirement but feel that it would be minimal.

DHT also states the other coverages required by this proposal would have no fiscal impact because the Medical Plan currently provides these coverages. DHT states they would use the same deductible and co-pay for diabetes supplies and medications as other prescription drugs. DHT stated they would not reduce or eliminate coverage due to diabetes coverage. DHT also stated they do not have a maximum prescription benefit or determine rates or premiums based on diabetes coverage.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state that coverage through HCP currently includes approved meters, prescriptions, and doctor visits. Some of the plans currently have disease management programs that provide educational information to members.

HCP states the proposal would require coverage for meters that "the patient feels comfortable with." HCP states the current coverage provides coverage for meters on the plans approved list. Consideration for any other meter would require a letter of medical necessity and approval by the plan. By eliminating the need for medical necessity approvals the plan may save money on administration costs but could incur more costs on more costly meters. HCP states the amount is unknown but is expected to be minimal.

HCP provides coverage for diabetic supplies (syringes, test strips, etc.) and prescriptions. The state PPO, HMO, and POS plans do not have a plan maximum. The member merely pays \$5 for generic drugs, \$10 for brand drugs, and \$25 for non-formulary drugs at a participating pharmacy. The Public Entity PPO does contain a lifetime maximum on prescription drugs of \$1,500 annually. If diabetic prescriptions would not apply to this maximum additional costs would be incurred. However, since diabetics usually represent a small portion of the total population, HCP feels this cost would be minimal.

ASSUMPTION (continued)

HCP states the coverage for self-management training would be covered under the member's \$10 office co-payment if the provider is in the network. If the physician refers the member out of the network the HMO plans would incur expenses in negotiating and reimbursing these providers. This additional cost may be passed on through higher premiums but HCP feels this amount would be minimal.

HCP states that placing the requirement of establishing a network panel of endocrinologist to hear appeals would not fiscally impact HCP.

Officials from the **Department of Social Services (DOS)** state the proposal would have a fiscal impact to the department. DOS states the fiscal impact is unknown but the total is expected to be less than \$100,000. DOS states an increase in expenditures may be seen if a patient is allowed to use any meter that they feel comfortable with. Currently DOS reimburses up to \$85 for a basic glucose monitor, the brand does not matter. Glucose monitors with special features such as voice synthesizers or automatic timers are available if a person is blind. The reimbursement for this type of monitor is up to \$308. DOS assumes the proposal would allow anyone to request the special monitors and the additional cost for each monitor would be \$223 (\$308 - \$85). However, the number of recipients who would want a monitor with special features is unknown.

DOS states the requirement that self-management training would be covered "where and by whom the covered person's physician requests" would not have a fiscal impact. Currently the physician can refer the Medicaid recipient to any provider who is enrolled under the Medicaid Diabetes Self Management program. Federal law 42 CFR 440 requires that providers meet certain criteria - must be licensed by the state and practicing within the state's scope of practice laws. A provider enrolled in the Medicaid Diabetes Self Management Training program must be either a Certified Diabetes Educator, Registered Dietician, or Registered Pharmacist. DOS would consider expanding the provider criteria when additional national certification programs are developed or the Missouri Department of Health develops a training and certification program for diabetes educators. It is assumed DOS would continue to require providers to meet enrollment criteria.

DOS states no fiscal impact is expected from the requirement that a panel of endocrinologists be available to review any denial of care of a recipient. The recipient would have the right to appeal any denial of care to a panel of endocrinologists if the denial of care was made by a physician who is not an endocrinologist. Currently all recipients are allowed to appeal denied services. DOS has access to specialists through a contract with CIMRO.

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| <u>FISCAL IMPACT - State Government</u> | FY 2001<br>(10 Mo.) | FY 2002 | FY 2003 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

**GENERAL REVENUE FUND**

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| <u>Costs - Department of Social Services</u> |                  |                  |                  |
| Medical assistance payments                  | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |

|  |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
| <b>ESTIMATED NET EFFECT ON<br/>GENERAL REVENUE FUND*</b> | <b><u>(UNKNOWN)</u></b> | <b><u>(UNKNOWN)</u></b> | <b><u>(UNKNOWN)</u></b> |
|--|-------------------------|-------------------------|-------------------------|

**\*Expected to be less than \$100,000.**

**FEDERAL FUNDS**

|   |         |         |         |
|---|---------|---------|---------|
| <u>Income - Department of Social Services</u> |         |         |         |
| Medicaid reimbursements                       | Unknown | Unknown | Unknown |

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| <u>Costs - Department of Social Services</u> |                  |                  |                  |
| Medical assistance payments                  | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |

|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| <b>ESTIMATED NET EFFECT ON<br/>FEDERAL FUNDS*</b> | <b><u>\$0</u></b> | <b><u>\$0</u></b> | <b><u>\$0</u></b> |
|---|-------------------|-------------------|-------------------|

**\*Expected to be less than \$100,000.**

| <u>FISCAL IMPACT - Local Government</u> | FY 2001<br>(10 Mo.) | FY 2002    | FY 2003    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

MPW:LR:OD:005 (9-94)

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This proposal would prohibit health insurance entities from using diabetes as a factor in determining an enrollee's premium. Entities would also provide coverage for medications required for the management and treatment of diabetes. Such diabetes medication could not be considered in determining any maximum prescription benefit amount. Entities could not raise co-payments, coinsurance, or deductibles to cover any increased costs created by this proposal.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Insurance  
Missouri Consolidated Health Care Plan  
Department of Social Services  
Department of Conservation  
Department of Transportation  
Department of Public Safety  
Missouri State Highway Patrol  
Department of Health



Jeanne Jarrett, CPA  
Director  
February 24, 2000